



**THE
RETIRED
OFFICERS
ASSOCIATION**

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Statement of

THE RETIRED OFFICERS ASSOCIATION

before the

COMMITTEE ON POST OFFICE AND CIVIL SERVICE

SUBCOMMITTEE ON

COMPENSATION AND EMPLOYEE BENEFITS

Presented by

COMMANDER JOHN F. WANAMAKER
United States Navy, Retired

Deputy Director, Legislative Affairs


June 27, 1985

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

I AM COMMANDER JOHN WANAMAKER, DEPUTY DIRECTOR OF LEGISLATIVE AFFAIRS OF THE RETIRED OFFICERS ASSOCIATION, (TROA) WHICH HAS ITS NATIONAL HEADQUARTERS AT 201 NORTH WASHINGTON STREET, ALEXANDRIA, VIRGINIA. OUR ASSOCIATION HAS A MEMBERSHIP OF OVER 343,000 RETIRED, FORMER AND ACTIVE DUTY OFFICERS OF THE SEVEN UNIFORMED SERVICES. INCLUDED IN OUR MEMBERSHIP ARE 42,871 WIDOWS OF FORMER MEMBERS.

I APPRECIATE THIS OPPORTUNITY TO APPEAR BEFORE YOU TODAY TO PRESENT THE VIEWS OF THE MEMBERS OF OUR ASSOCIATION ON THE MERITS OF THE BILL (H.R. 1131). THIS BILL WOULD ESTABLISH IDENTICAL CONTRIBUTIONS INTO THE CIVIL SERVICE RETIREMENT FUND BETWEEN CIVILIAN EMPLOYEES AND FORMER MEMBERS OF THE ARMED FORCES WHO WISH TO RECEIVE CIVIL SERVICE RETIREMENT CREDIT FOR MILITARY SERVICE FROM 1 JANUARY 1957 THROUGH 1969. THE DEFICIT REDUCTION ACT OF 1984 (P.L.98-369) EXTENDS THE EFFECTIVE DATE TO 1 OCTOBER 1985 WHEN THE DEPOSITS ARE TO BE MADE INTO THE CIVIL SERVICE RETIREMENT FUND WITHOUT INCURRING INTEREST PENALTIES.

BY THE ENACTMENT OF P.L. 97-253 (BUDGET RECONCILIATION ACT) FORMER MILITARY MEMBERS OF THE UNIFORMED SERVICES ARE REQUIRED TO DEPOSIT INTO THE CIVIL SERVICE RETIREMENT FUND AN AMOUNT EQUAL TO 7 PERCENT OF THEIR BASIC PAY FOR YEARS OF MILITARY SERVICE AFTER 1956 IN ORDER TO RECEIVE CREDIT FOR THOSE YEARS TOWARDS CIVIL SERVICE RETIREMENT. THE CONTRIBUTION RATE FOR THE YEARS 1957 THROUGH 1969 FOR FEDERAL CIVILIAN EMPLOYEES WAS ONLY 6.5 PERCENT. FORMER SERVICE MEMBERS WILL, IN EFFECT, BE PAYING ONE-HALF OF ONE PERCENT MORE THAN THEIR



CIVILIAN COUNTERPARTS FOR THAT SAME PERIOD. COMPOUNDING THIS INEQUITY IS THE CURRENT SITUATION WHEREBY NEW CIVIL SERVICE EMPLOYEES HIRED AFTER DECEMBER 1983 CONTRIBUTE ONLY 1.3 PERCENT INTO THE CIVIL SERVICE RETIREMENT FUND FOR SERVICE AFTER THAT DATE. THE BILL (H.R. 1131) WOULD MAKE THE PERCENTAGE AMOUNT OF CONTRIBUTIONS EQUAL FOR FORMER MILITARY PERSONNEL AND CIVIL SERVICE EMPLOYEES FOR SIMILAR PERIODS OF TIME. IN SUMMARY, MR. CHAIRMAN, H.R.1131 WILL CORRECT A SERIOUS DEFICIENCY IN CURRENT LAW AND WE STRONGLY SUPPORT THE MEASURE.

REPEAL OF DUAL COMPENSATION ACT

THE HEARING TODAY PRESENTS AN EXCELLENT OPPORTUNITY TO CORRECT ANOTHER INEQUITY IN CURRENT LAW. THERE EXISTS ANOTHER GROUP WHO NOT ONLY MUST CONTRIBUTE THE 7 PERCENT FOR YEARS OF SERVICE AFTER 1956, BUT IN ADDITION, MUST FORFEIT A LARGE PORTION OF THEIR MILITARY RETIRED PAY AS A PRECONDITION TO ACCEPT CIVIL SERVICE EMPLOYMENT. THAT GROUP CONSISTS ENTIRELY OF REGULAR RETIRED OFFICERS WHO ARE SUBJECT TO THE DUAL COMPENSATION ACT OF 1964 (AS AMENDED).

THE FOLLOWING STATEMENT WAS TAKEN FROM THE LEGISLATIVE HISTORY REPORT ACCOMPANYING THE DUAL COMPENSATION ACT IN 1964:

"ALTHOUGH GOVERNMENT EMPLOYMENT NEEDS GROW IN THE SPECIALIZED FIELDS MORE WITH EACH PASSING YEAR, TO PROHIBIT A LARGE NUMBER OF RETIRED REGULAR OFFICERS FROM SERVING THEIR COUNTRY IN A CIVILIAN CAPACITY AS THEY HAVE SERVED IT IN A MILITARY CAREER SEEMS NOT ONLY UNJUSTIFIED, AND A SINGULAR DISCRIMINATION, BUT

A WASTE OF MANPOWER AND SKILL THAT CAN NO LONGER
BE AFFORDED."

THE ABOVE STATEMENT NOT WITHSTANDING, THE CONGRESS PASSED THE DUAL
COMPENSATION ACT OF 1964 TO LIMIT THE INCOME OF RETIRED REGULAR
OFFICERS WHO ELECTED TO ACCEPT A POSITION IN THE FEDERAL CIVIL
SERVICE. THEY THEN WERE REQUIRED TO FORFEIT ONE-HALF OF THEIR
MILITARY RETIRED PAY OVER A BASE AMOUNT WHICH HAS GROWN FROM \$2000
IN 1964 TO APPROXIMATELY \$7,000 TODAY (\$6972.38 UNDER AGE 62;
\$7012.87 OVER AGE 62.) THE CIVIL SERVICE REFORM ACT OF 1978 PLACED
ANOTHER RESTRICTION. IT REDUCED THE RETIRED PAY OF ALL FORMER
MEMBERS OF THE UNIFORMED SERVICES WHO RETIRED AFTER JANUARY 11,
1979, BY THE AMOUNT THEIR COMBINED SALARY AND RETIRED PAY EXCEEDED
THE SALARY FOR LEVEL V OF THE EXECUTIVE SERVICE. (CURRENTLY
\$67,800.) THIS CAP LIMITATION APPLIES TO ALL MILITARY RETIREES,
OFFICER, ENLISTED, REGULAR AND RESERVE. NOW, ADDED TO THE
SIGNIFICANT FINANCIAL PENALTY ALREADY IMPOSED, MILITARY RETIREES
MUST ALSO CONTRIBUTE 7 PERCENT OF THEIR BASIC PAY FOR MILITARY
SERVICE AFTER 1956 IN ACCORDANCE WITH P.L. 97-253. CURRENT LAW
FURTHER REQUIRES THE RETIREE TO COMPLETELY FORFEIT ALL MILITARY
RETIRED PAY IF HE SHOULD ELECT A COMBINED ANNUITY. ✓

THESE COMBINED RESTRICTIONS IN EFFECT PREVENT MOST REGULAR OFFICERS
FROM CONSIDERING ANY FORM OF FEDERAL EMPLOYMENT FOLLOWING RETIREMENT
FROM MILITARY SERVICE. THE FEDERAL GOVERNMENT SUFFERS AS A RESULT.
THE CONCERNS THE CONGRESS EXPRESSED IN 1964 IN THE BEFORE MENTIONED
REPORT HAVE PROVEN TO BE ACCURATE. MANY WHO HAVE ACQUIRED

EXCEPTIONAL SKILLS AND TRAINING, OFTEN AT CONSIDERABLE GOVERNMENT EXPENSE, AS DOCTORS, LAWYERS, MANAGEMENT EXPERTS, OR NUCLEAR ENGINEERS ETC. WOULD OTHERWISE BE WILLING TO PROVIDE ADDITIONAL SERVICE TO THEIR NATION IN A CIVILIAN CAPACITY IF SUCH RESTRICTIONS WERE ELIMINATED. IN LIGHT OF THE LEVEL V RESTRICTION, THE DUAL COMPENSATION ACT SINGLES OUT REGULAR OFFICERS FOR THE KIND OF SINGULAR DISCRIMINATION THAT THE 1964 ACT ASSERTED WOULD WASTE MANPOWER SKILLS. THEREFORE, WE STRONGLY RECOMMEND THAT THE 1964 DUAL COMPENSATION ACT BE REPEALED. IT WILL MOTIVATE EXCEPTIONAL PEOPLE TO SEEK SECOND CAREERS IN THE FEDERAL GOVERNMENT BUT WILL AVOID PAY INVERSION. ✓

SHOULD THE COMMITTEE DECIDE TO RETAIN THE DUAL COMPENSATION OFFSET, WE STRONGLY RECOMMEND THAT THE REDUCTION IN RETIRED PAY AS REQUIRED BY THAT ACT BE PLACED INTO THE CIVIL SERVICE RETIREMENT FUND TO SATISFY THE CONTRIBUTION REQUIREMENTS OF P.L. 97-253 (SECTIONS 306 AND 307). WE FURTHER RECOMMEND THAT THE FULL AMOUNT OF MILITARY RETIRED PAY BE RESTORED, SUBJECT TO THE COMBINED EARNINGS LIMITATION AFTER THE CONTRIBUTION AMOUNT HAS BEEN SATISFIED.

WE STRONGLY SUPPORT H.R. 1131, BUT URGE THE COMMITTEE TO FAVORABLY CONSIDER THESE RECOMMENDATIONS IN ITS DELIBERATIONS.

I WANT TO THANK THE COMMITTEE FOR PROVIDING ME THIS OPPORTUNITY TO PROVIDE TESTIMONY ON THE LEGISLATION UNDER CONSIDERATION (H.R. 1131) AND WILL ATTEMPT TO ANSWER ANY QUESTIONS THAT THE MEMBERS MAY HAVE.